



11 October 1963

MEMORANDUM FOR: Deputy Director of Central Intelligence

THROUGH: Executive Director

SUBJECT: H. R. 8716

1. This memorandum is for information only.
2. Attached is a copy of H. R. 8716 which is a comprehensive pay bill which includes the adjustment of the classified schedule as called for by the Federal Salary Reform Act and is an Administration measure. Also, Title II of this bill is the long awaited Executive Pay bill and while not clearly an Administration measure is, according to my information, what the Administration will support. There are six basic Levels established with only the ten Cabinet officers appearing in Level I at \$40,000.
 2. Level II is set at \$38,500 and includes the Deputy Secretary of Defense, the Under Secretary of State, Director of the Bureau of the Budget, and the Director of Central Intelligence among others.
 3. Level III is set at \$36,500 and includes generally the other number two posts of the Cabinet departments as well as the Secretaries of the three Armed Services and additionally includes the Deputy Director of Central Intelligence.
 4. An initial review would indicate that section 208 at page 61 may create a serious problem for the Agency. This section provides that "notwithstanding the provisions of any other law," the head of an agency who is authorized to fix salaries by administrative action "shall not fix such rate in excess of the highest rate of grade 18" under the

Classification Act which under the proposed bill will be set at \$25,500. On the other hand, the President is authorized to place offices and positions in Levels IV, V, and VI; however, such action requires, under the bill, publication in the Federal Register. Offices and positions which the President is authorized to place in Level IV includes assistant secretaries of executive and military departments. This Level IV is set at \$33,000.

5. The House Post Office and Civil Service Committee has done considerable work on this entire bill and the attached represents the results of their consultation with the Executive Branch. We understand that hearings may begin on this early next week.

6. The problems which are mentioned above will receive immediate and intensive study to ascertain what action the Agency should take. We shall advise as this matter progresses.

s/ John S. Warner
JOHN S. WARNER
Legislative Counsel

Att. - H. R. 8716

cc: DD/S
D/Personnel
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